GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4207
ANSWERED ON:14.12.2001
STANDARDIZATION OF STOCK EXCHANGES
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to standardise rules, procedure and regulations across the country`s stock exchanges;

(b) if so, the details thereof; and

(c) the time by which proposal is likely to be implemented?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (c): SEBI has intimated that it hasbeen SEBI`s endeavour to standardize rules, proceduresand regulations across the stock exchanges in the country. SEBI had been examining the bye-laws, rules andregulations of the stock exchanges and has amended these progressively to bring about uniformity. Some of the measures to bring about uniformity in the governance of stock exchanges include:
(i) all exchanges now have governing boards comprising at least 50% non-brokers;
(ii) the Executive Director is also a member of the Board with voting rights;

(iii) setting up of specific statutory committees viz., Disciplinary Action Committee, Defaults Committee,Arbitration Committee with 60:40 non-broker: broker representation;
(iv) uniformity in the terms and tenure of Presidents and Governing Board members of stock exchanges.

Some other measures to bring about uniformity in the operations of stock exchanges include :

(i) mandatory practice of issuance of contract notes to clients with standard features;
(ii) uniform reduction in settlement period to 7 days on all stock exchanges;
(iii) introduction of screen based trading system;
(iv) setting up of clearing houses/clearing corporations;
(v) setting up of trade guarantee fund/settlement guarantee fund to ensure timely settlement;
(vi) phased introduction of dematerialisation and rolling settlement;
(vii) uniform good/bad delivery norms, capital adequacy norms etc.

Further measures to bring about uniformity in the disclosure requirements of listed companies on stock exchanges include
(i) requirements of corporate governance have been specified for listed companies through listing agreements;
(ii) continuous disclosure requirements like quarterly results, limited review for half-yearly results and material events disclosure have been made uniformly applicable;
(iii) requirement to make disclosure on segment reporting, consolidated financial results and related party transactions.

SEBI has also intimated that it has set up aCommittee to examine the rules, byelaws and regulations of the stock exchanges with a view to standardise the same. The Committee has submitted the report foruniform rules for the stock exchanges. The report is under implementation which would make rules uniform across all the stock exchanges in those areas also, whereas uniformity is yet to be attained.